

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 4
State Administration, General Government,
Judicial, Public Safety,
and Transportation

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

Members

Mike Machado, Chair
Robert Dutton
Christine Kehoe

Consultants

Daniel Alvarez
Brian Annis
Keely Martin Bosler
Bryan Ehlers

SUBCOMMITTEE No. 4

LEGISLATIVE, EXECUTIVE, JUDICIAL BRANCH, TRANSPORTATION, PUBLIC SAFETY, and GENERAL GOVERNMENT

Org Code

Transportation

2600	California Transportation Commission	4-1
2640	Special Transportation Programs	4-1
2660	Department of Transportation	4-1
2665	High-Speed Rail Authority	4-3
2720	California Highway Patrol.....	4-3
2740	Department of Motor Vehicles	4-4
9350	Shared Revenues	4-4

State Administration

0502	Office of the Chief Information Officer	4-5
0510	Secretary for State and Consumer Services	4-5
0520	Secretary for Business, Transportation, and Housing	4-5
0650	Office of Planning and Research.....	4-5
0690	Office of Emergency Services.....	4-6
0840	State Controller.....	4-6
0845	Department of Insurance	4-7
0850	State Lottery Commission	4-8
0860	State Board of Equalization.....	4-8
0890	Secretary of State.....	4-9
0950	State Treasurer's Office.....	4-9
1100	California Science Center.....	4-10
1110/1111	Department of Consumer Affairs	4-10
1700	Department of Fair Employment and Housing	4-10
1730	Franchise Tax Board	4-10
1760	Department of General Services.....	4-11
1880	State Personnel Board	4-12
1900	Public Employees' Retirement System	4-12
1920	State Teachers' Retirement System.....	4-13
1955	Department of Technology Services	4-13
2100	Alcoholic Beverage Control.....	4-13
2150	Department of Financial Institutions.....	4-13
2180	Department of Corporations	4-13
2240	Department of Housing and Community Development.....	4-14
2260	California Housing Finance Agency	4-14
2320	Department of Real Estate.....	4-14
2400	Department of Managed Health Care.....	4-15

SUBCOMMITTEE No. 4

LEGISLATIVE, EXECUTIVE, JUDICIAL BRANCH, TRANSPORTATION, PUBLIC SAFETY, and GENERAL GOVERNMENT (continued)

State Administration (continued)

8260	California Arts Council	4-15
8320	Public Employee Relations Board.....	4-15
8380	Department of Personnel Administration.....	4-15
8620	Fair Political Practices Commission.....	4-15
8860	Department of Finance	4-15
8885	Commission on State Mandates	4-16
8910	Office of Administrative Law	4-16
8940	Department of the Military.....	4-16
9100	Tax Relief	4-17
9210	Local Government Financing.....	4-17
9618	Economic Recovery Financing Committee.....	4-17
9650	Support for Health and Dental Benefits for Annuitants.....	4-17
9800	Augmentation for Employee Compensation	4-17
9840	Augmentation for Contingencies and Emergencies	4-18
	Budget Control Sections.....	4-18

Judiciary

0250	Judicial Branch	4-20
0280	Commission on Judicial Performance	4-21
0390	Contribution to the Judges' Retirement System.....	4-21

Public Safety and Criminal Justice

0820	Department of Justice	4-22
0855	Gambling Control Commission.....	4-22
1690	Alfred E. Alquist Seismic Safety Commission	4-22
1870	California Victim Compensation and Government Claims Board.....	4-23
8120	Commission on Peace Officer Standards and Training.....	4-23
8140	State Public Defender	4-23
8180	Payments to Counties for Costs of Homicide Trials	4-23
8550	California Horse Racing Board	4-23

Corrections and Rehabilitation

5225	Department of Corrections and Rehabilitation.....	4-24
0552	Office of the Inspector General	4-28

TRANSPORTATION

2600 CALIFORNIA TRANSPORTATION COMMISSION

- Rejected \$873,000 and 7.0 positions for Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) workload. The action put the budget into the Budget Conference Committee where staffing can be adjusted to conform to the final Proposition 1B implementation package.

2640 SPECIAL TRANSPORTATION PROGRAMS

- Rejected the Governor's proposal to permanently divert approximately \$413 million in "spillover" revenue from this item to the General Fund Proposition 98 Home-to-Schools Transportation Program obligation. Program revenues are allocated by statutory formula to local transit agencies and available for either operations or capital expenditures.
- Approved Proposition 1B transit capital funding of \$600 million.

Trailer Bill Language

1. Approved language specifying a correction to the 2007-08 allocation to correct for an over-allocation of approximately \$95 million in 2006-07. The over-allocation was caused due to a language conflict between the 2006 Budget Act and the transportation budget trailer bill.

2660 DEPARTMENT OF TRANSPORTATION

- Approved Proposition 1B (Prop 1B) bond funding \$2.5 billion for the following bond categories that are budgeted directly in the California Department of Transportation (Caltrans) budget:
 - \$608 million for Corridor Mobility Improvement Account (CMIA)
 - \$723 million for the State Transportation Improvement Program (STIP)
 - \$201 million for Trade Infrastructure
 - \$403 million for State Highway Protection and Preservation Program (SHOPP)
 - \$201 million for State Local Partnership
 - \$123 million for Grade Separation
 - \$14 million for State Route 99
 - \$14 million for Local Bridge Seismic
 - \$188 million for Intercity Rail

This funding level ties to what the Administration requested for allocations in 2007-08, minus legislative adjustments for administrative and engineering support. Rejected the Administration's Prop 1B implementation trailer bill language and adopted placeholder trailer bill language. Other Prop 1B bond appropriations are in the budgets for the Special Transportation Programs (Transit); the Office of

Emergency Services (Security); the Air Resources Board (Air Quality and School Bus Retrofit), and Shared Revenues (Local Streets and Roads).

Budget Bill Language (Proposition 1B)

1. Rejected language for the Prop 1B proposal to “pre-appropriate” funding for allocations in 2008-09 and 2009-10, because appropriations for those years can be provided in future budgets and legislative oversight will be retained.
 2. Rejected Prop 1B language to allow the Administration to shift appropriation authority among bond programs.
 3. Added Prop 1B language to allow the Director of Finance to augment the appropriations for specified bond programs if the programs are ready for construction on an accelerated timetable.
- Rejected proposal to shift \$1.3 billion in Public Transportation Account funds to the following General Fund obligations:
 - \$832 million to reimburse the General Fund for the costs of the Home-to-School Transportation Program within Proposition 98, including \$200 million for the current year.
 - \$340 million for transportation-related general obligation bond debt.
 - \$129 million for regional center transportation budgeted in the Department of Developmental Services.

Conforming action included an augmentation of \$533 million to fully fund transit capital projects currently programmed in the State Transportation Improvement Program (STIP), and an augmentation of \$413 million for budget item 2640 – Special Transportation Programs.

- Shifted new Capital Outlay Support (COS) engineering workload from contractors to state staff for a savings of \$53 million. Directed the savings be applied to the State Highway Account (SHA), to the extent possible, so that the SHA would have additional resources for maintenance and State Highway Protection and Preservation Program (SHOPP) work.
- Approved full Proposition 42 funding of \$1.481 billion in 2007-08.
- Approved an augmentation for highway pavement maintenance of \$85 million, and amended budget bill language to specify that the funding is only available for pavement maintenance.
- Rejected trailer bill language to *permanently* redirect \$65 million in annual “non-Article XIX” revenue to the State Highway Account (SHA) instead of the Public Transportation Account (PTA). However, adopted budget bill language to direct 2007-08 non-Article XIX revenue to the State Highway Account to support maintenance and State Highway Protection and Preservation Program (SHOPP) workload.
- Reduced funding for special transportation facilities, such as maintenance stations, from \$120 million to \$83 million to conform to revised project estimates.
- Approved the Caltrans public safety radio budget request for \$19.6 million over five years to expand the high-band radio system into Caltrans District 10 to improve radio operability within Caltrans and to improve inter-operability with public safety entities such as the California Highway Patrol.

- Restored funding of \$10 million for the Environmental Enhancement and Mitigation Program.
- Augmented funding for local assistance bicycle grants from \$5 million to \$10 million, including implementing trailer bill language.

Budget Bill Language

1. Added language to specify that the first \$100 million in State Highway Protection and Preservation Program (SHOPP) allocations are attributable to the \$100 million in tribal gaming revenues received by the state pursuant to compacts ratified in 2004.

Trailer Bill Language

1. Approved language to conform statute to the Proposition 42 loan repayment requirements of Proposition 1A, approved by voters in November 2006.

2665 HIGH SPEED RAIL AUTHORITY

- Augmented the budget by \$40 million, special fund, to continue work on the high speed rail project.

2720 CALIFORNIA HIGHWAY PATROL

- Approved an increase of \$16.4 million, special fund, to augment staffing by 91 positions (50 Officers and 41 non-uniformed support staff). Included in this approval is authority to add an additional 70 Officers in 2008-09 and related funding. The California Highway Patrol (CHP) indicates that this increase would help address the continual increase in workload associated with population growth throughout the state.
- Approved funding adjustments for the five-year \$494 million public safety radio system approved with the 2006 Budget Act. Reverted \$16 million in current year funding, and decreased funding for 2007-08 by \$9.7 million.
- Reduced funding for tactical alerts from \$24.8 million to \$10 million because the number of tactical alerts has fallen relative to the years immediately following September 11, 2001. Tactical alerts involve placing Officers on 12-hour shifts to enhance CHP presence in times of emergency or high security risk. Added budget bill language that requires legislative reporting and reversion of unexpended funds.

Trailer Bill Language

1. Approved language adjusting fees for the Motor Carrier Safety Program, which involves the CHP inspection of trucks at terminals. This fee adjustment is consistent with existing statutory intent that this be a self-supporting program.

2740 DEPARTMENT OF MOTOR VEHICLES

- Approved year two and ongoing funding for the Department of Motor Vehicles (DMV) \$242 million Information Technology Modernization project. First-year funding was approved with the 2006 Budget Act along with an annual reporting requirement to keep the Legislature informed about the project.
- Approved the request for \$85 million to complete the reconstruction of the Sacramento DMV headquarters, which includes asbestos removal and seismic work.
- Approved the request for \$9.4 million for vendor costs related to SB 1500 (Chapter 920, Statutes of 2004). This legislation requires each insurer that issues private passenger automobile liability policies, to electronically report to the DMV all issued policies, changes, and terminations; and requires DMV to suspend vehicle registrations if insurance is not in force. The number of uninsured drivers has been higher than anticipated and led to increased vendor costs.
- Took *no* budget action to implement the federal Real ID Act, which requires people without a passport to have a compliant driver's license or identification card by May of 2008 in order to enter a federal building or cross an airport checkpoint. Draft federal regulations allow states to postpone implementation, under specified conditions, and to date, the federal government has not provided any significant funding resources to implement the Real ID Act.

9350 SHARED REVENUES

- Reduced the 2007-08 Proposition 1B (Prop 1B) bond appropriation for the Local Streets and Roads category from \$600 million to \$400 million.

STATE ADMINISTRATION

0502 OFFICE OF THE CHIEF INFORMATION OFFICER

- Amended the Governor's proposal to establish an Office of the Chief Information Officer (OCIO), and approved 19.0 positions and \$3.5 million (Department of Technology Services Revolving Fund) to establish a centralized information technology (IT) management department and ensure that project specific activities are coordinated with other departments and reflect the state's policies and direction for IT development.
- Denied the proposed shift of project oversight and review functions from the Department of Finance's Office of Technology Review, Oversight, and Security (OTROS) to the OCIO.
- Denied the proposed shift of information security components from the Department of Finance (Finance) to the State and Consumer Services Agency. Instead, approved the shift of information security from the Department of Finance to the OCIO.

0510 SECRETARY FOR STATE AND CONSUMER SERVICES

- Rejected a government reorganization proposal to create an Office of Information Security and Protection within the Office of the Secretary for State and Consumer Services. Rejection of this proposal restored the existing structure of the Office of Privacy Protection in the Department of Consumer Affairs.

0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING

- Shifted funding totaling \$957,000 from new GF to the Small Business Expansion Fund for two budget requests associated with the Small Business Loan Guarantee Program. The first request was \$832,000 for the State match for federal funding for the Sudden and Severe Economic Dislocation Program and the second request was \$125,000 to perform audits of Financial Development Corporations.
- Rejected funding of \$441,000 GF and 3 new positions for international trade activities. Senate Bill 1513 (Chapter 663, Statutes of 2006) directed the Agency to report to the Legislature by February 1, 2008, with a strategic international trade and investment plan. The Budget Committee felt it was premature to add new positions in advance of this report.

0650 OFFICE OF PLANNING AND RESEARCH

- Approved \$195,000 GF to continue training and outreach to tribal governments and to update the state's General Plan Guidelines, utilized by communities throughout California when updating their general plans.

- Approved \$234,000 GF and two positions for the Office of the California Small Business Advocate to develop an emergency preparedness handbook and address workload generated by 2006 legislation.
- Approved \$3 million in federal fund reimbursements from the State Homeland Security Grant Program in order to enhance local communities' emergency response through training, outreach, and other volunteer service opportunities.

0690 OFFICE OF EMERGENCY SERVICES

- Approved \$1.2 million (\$608,000 General Fund) and 14 positions to eliminate a significant backlog of disaster assistance claims and provide improved service to local governments and disaster victims.
- Approved \$573,000 and 9.0 positions to implement final recommendations from the Bureau of State Audit and Little Hoover Commission reports, as well as comply with the California Prompt Payment Act. This request will limit future General Fund exposure to significant penalties due to delayed administrative processes.
- Approved \$200,000 federal funds to provide 3 positions to ensure the proper oversight of victim services administered sub-grants. These positions will increase the ability of OES to meet federal guidelines concerning timeliness of grant awards, reducing the threat of de-obligation of federal grants.
- Approved an increase of \$1.2 million federal funds pursuant to the Forensic Science Improvement Act. These funds would be used exclusively for local assistance grants.
- Reduced \$1.1 million GF for various external consulting contracts not justified on a workload basis.
- Approved an increase of \$5.6 million federal funds pursuant to the Victims of Crime Act.
- Approved \$4.8 million federal funds, these grant funds are part of a federal anti-gang initiative established by the U.S. Attorney General and have identified specific areas of the state that will receive these funds.
- Approved \$40 million in Proposition 1B funds to provide grants to assist ports in preparing for, responding to, and protecting against acts of terrorism.

0840 STATE CONTROLLER

- Approved \$38 million (including \$34.3 million GF) and 80.6 one-year limited-term positions to complete the system development phase of the Human Resources Management System (HRMS)/21st Century Project. The HRMS is entering the fourth year of funding in what is expected to be a six-year, \$140 million project.
- Approved a \$536,000 HRMS funding shift from Federal Trust Fund to GF, and added \$300,000 one-time GF for training room build-out costs. Denied request for an HRMS Project Communications Manager, and retention pay for HRMS project staff. Directed the Administration to fully utilize the collective bargaining and Item 9800 processes.

- Approved \$2.5 million GF and 25 positions for the Unclaimed Property Program to provide improved notification to potential owners of unclaimed property.
- Approved \$402,000 one-time GF and 3.2 one-year limited-term positions for the Unclaimed Property System Replacement Project. Additionally, reappropriated \$831,000 anticipated to go unexpended in 2006-07 due to project delays.
- Denied a five percent salary increase valued at \$224,000 (\$106,000 General Fund) for Staff Management Auditors. Directed the Administration to fully utilize the collective bargaining and Item 9800 processes.
- Approved \$1 million (Leaking Underground Storage Tank Cost Recovery Fund) for clean-up of contaminated property in Stockton. The state faces possible litigation if the site is not quickly mitigated. Adopted trailer bill language to authorize the use of the Leaking Underground Storage Tank Cost Recovery Fund for the necessary corrective action.
- Approved \$999,000 to make 11 expiring limited-term Mandate Auditor positions permanent. The auditors analyze older mandate cost claims that are approaching the end of the statute of limitations for initiating claims audits and have historically identified approximately \$17 in over-claimed costs for every \$1 spent on such efforts.
- Approved \$799,000 (collected from various special funds) and five positions to support ongoing maintenance and operation of the Apportionments Payment System (APS) so that apportionments to local agencies are distributed in a timely fashion.
- Approved \$517,000 (reimbursements and five positions) to implement a statewide rollout of the California Automated Travel Reimbursement System, an automated travel expense processing system that is expected to result in significant process and cost efficiencies.
- Approved request to cancel the Bank Reconciliation System Replacement Project. Consequently, deferred \$710,000 (\$308,000 GF) in 2006-07 and reduced 2007-08 by \$248,000 (\$107,000 GF). The department anticipated returning with a retooled project proposal in one to two years.
- Approved \$500,000 GF for audits of collection, distribution and reporting practices related to local property tax revenue for K-14 district's property.

0845 DEPARTMENT OF INSURANCE

- Approved \$780,000 (Insurance Fund) for one year for increased expenses associated with contracted "intervenor," who act on behalf of consumers to resolve compensation-claims conflicts with insurers. Additionally, approved budget bill language requiring the department to report annually on the identity of and the fees collected by intervenors.
- Approved \$1.6 million (Insurance Fund) to distribute assessments collected from insurers to district attorneys to investigate and prosecute fraudulent automobile insurance claims.
- Approved redirection of two positions and associated funding from the Regulation of Insurance Companies and Producers Program to the Administration Program to assist in the implementation of the Enterprise Information Portal.
- Approved, on a two-year limited-term basis, \$5.0 million (Insurance Fund) and six positions to: (1)

increase investigations, audits, and prosecution of workers' compensation fraud; and (2) expand a research study on measuring and addressing insurance fraud. Of the approved funds, \$3.7 million would support the efforts of local District Attorneys. The aforementioned study was funded in 2006-07, will be completed in two years, and should inform future decisions to provide permanent program funding (hence the two-year limit on funding).

- Approved \$1.2 million (Insurance Fund), with only \$598,000 ongoing, and four positions to increase investigations and prosecution of disability and healthcare fraud. Of the approved funds, \$411,000 would support the efforts of local District Attorneys.

0850 STATE LOTTERY COMMISSION

- Approved as budgeted—\$120.1 million for operating costs.

0860 STATE BOARD OF EQUALIZATION

- Approved \$1.5 million (including \$949,000 GF) and two positions to expand electronic filing (e-filing) of returns to include the most complex and detailed returns (which constitute approximately 175,000 accounts and 89 percent sales and use tax revenues). Additionally, adopted budget bill language requiring the BOE to report on participation in the e-filing program, as well as savings achieved.
- Approved \$1.1 million (\$696,000 GF), 15.5 limited-term positions, and one permanent position to develop and investigate tax leads turned over by the U.S. Customs service. U.S. Customs electronic records tell the State Board of Equalization (BOE) where out-of-state imports were shipped in-state, information that can be compared to use tax payments. The BOE anticipates revenues of \$15.2 million to be generated, a 13:1 benefit-cost ratio.
- Approved \$244,000 GF and two permanent positions to restore resources for conducting field audits, collections, tax return processing, refunding and other tasks associated with administering the alcohol beverage tax. The BOE anticipates these resources will generate \$1.3 million, a 5.7:1 benefit-cost ratio.
- Approved \$485,000 (California Tire Recycling Management Fund) and made permanent 5.8 currently limited-term positions in order to strengthen the ability to collect the Tire Recycling Fee. Collection efforts from the current positions have yielded a more than 60:1 benefit-cost ratio.
- Approved a reduction of \$1.3 million (E-Waste Recovery and Recycling Account) and 20.7 positions to reflect a revised Electronic Waste Recycling Program workload estimate. Additionally, approved \$230,000 and extension of six expiring limited-term positions for an additional two years, to align staffing with the new workload estimate.
- Approved 11 new positions, including 8 permanent and 3 three-year limited-term, funded by redirecting existing funding of \$1 million from the Motor Vehicle Fuel Account (MVFA), to better enable the BOE to meet national International Fuel Tax Agreement membership requirements. These resources will protect an estimated \$3 billion in matching federal funds, and the BOE anticipates the new positions will generate an additional \$2.7 million annually for the MVFA.
- Approved \$715,000 (MVFA) and 5 audit positions to take advantage of new data generated by an

automated reporting system and ensure tax compliance within the BOE's transportation tax programs; the motor vehicle fuel tax, diesel fuel tax, and jet fuel tax. The BOE anticipates revenues of \$14 million associated with these positions, a 21:1 benefit-cost ratio.

- Approved \$313,000 (\$203,000 GF) and made permanent six limited-term positions to ensure collection of consumer use tax in the compliance program for vehicles, vessels, and aircraft. Additionally, accepted trailer bill language to make permanent a statute that requires payment of the use tax on vehicles, vessels, and aircraft purchased outside the state, but brought into California within 12 months.
- Approved five positions and \$483,000 (fee reimbursements) to recover costs associated with implementing and administering Chapter 77, Statutes of 2006 (AB 1803, Committee on Budget). AB 1803 expanded the types of businesses subject to the environmental fee to include limited liability companies, limited partnerships, limited liability partnerships, general partnerships, and sole proprietorships.
- Approved \$1.2 million (\$181,000 GF) and 8.1 positions to implement Chapter 501, Statutes of 2006 (AB 1749, Horton), which expanded the licensing and reporting requirements for tobacco manufacturers and importers. The BOE expects additional revenue of approximately \$4.2 million annually, a 6:1 benefit-cost ratio.
- Approved \$106,000 (\$69,000 GF) and one, two-year limited-term position to make public on a quarterly basis a list of the 250 largest delinquent taxpayers, as required by Chapter 716, Statutes of 2006 (AB 1418, Horton).

0890 SECRETARY OF STATE

- Approved \$335,000 (GF) and four positions for voter outreach and education.
- Approved 6.5 positions and \$6.9 million in federal fund authority to begin the process of replacing the existing CalVoter statewide voter database with a more centralized and technologically advanced VoteCal database.
- Approved \$2.4 million General Fund to repay the Federal Trust Fund for illegal HAVA expenditures identified by the U.S. Elections Assistance Commission. A previous repayment of \$536,000 was approved for the current year, bringing the total repayment to \$2.9 million.
- Reduced the HAVA budget by \$303,000 GF and 2.5 positions to acknowledge the most current HAVA Spending Plan (September 2006), which reflects zero administrative expenditures in fiscal year 2008-09, and the need to ramp-down activities beginning in 2007-08.

0950 STATE TREASURER'S OFFICE

- Approved four positions and \$421,000 in reimbursement authority to address increased workload associated with issuance and refunding of general obligation (GO) bonds. Voters recently approved five new GO Bond measures totaling \$42.7 billion and annual bond sales are anticipated to nearly double beginning in 2007-08.
- Approved \$429,000 (bond funds) and two positions for the Charter School Financing Authority to meet

its additional Charter School Facilities Program obligations under The Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D), which contained \$500 million for charter schools.

- Approved a reduction for the California Industrial Financing Advisory Commission (CIDFAC) of one position and \$151,000 (Industrial Development Fund) to reflect a decrease in workload.

1100 CALIFORNIA SCIENCE CENTER

- Approved \$2.3 million GF for the California African American Museum (CAAM) renovation and expansion project. Total GF costs for the project are anticipated to be \$43.6 million, with an additional \$21.8 million coming from the CAAM Friends Foundation.
- Approved \$1.9 million GF and 4 positions to begin ramping up staff and operations for the late 2009 opening of the Phase II Science Center facility.

1110 / 1111 DEPARTMENT OF CONSUMER AFFAIRS

- Deleted funding for the Bureau of Private Postsecondary and Vocational Education that sunsets on July 1, 2007. Approved funding of \$7.9 million, special fund, for the Board for Private Postsecondary Education to be established January 1, 2008, pursuant to legislation to be separately enacted in 2007.
- Approved new funding of \$12.3 million, special fund, for the Smog Check Program in the Bureau of Automotive Repair. The augmentation is consistent with program changes implemented by AB 1870 (Chapter 761, Statutes of 2006).

1700 FAIR EMPLOYMENT AND HOUSING

- Approved as budgeted, which includes an increase of \$2.4 million GF and 17.0 positions to improve enforcement and related administration.

1730 FRANCHISE TAX BOARD

- Approved \$19.6 million GF and 230 positions to support Tax Gap activities. Recognized \$77.5 million in additional revenue in 2007-08.
- Reallocated \$865,000 from Underground Economy Criminal Investigations (Tax Gap) activities to provide additional resources for: (1) the Corporate Nonfiler program (\$615,000)—where an additional \$2 million in revenue was recognized; and (2) a contractor (\$250,000) to identify opportunities for increased data sharing between the tax agencies—the Franchise Tax Board, the Board of Equalization, and the Employment Development Department.
- Recognized \$500,000 GF savings generated by increased use of electronic return processing, electronic remittance process, and reduced paper printing and mailing.
- Approved \$1.5 million (GF) and one position to replace the current Internet infrastructure at the

Butterfield Way campus in Sacramento and provide redundancy to accommodate growth in the FTB's e-commerce programs.

- Approved \$1.3 million (GF) and 10 positions to address Abusive Tax Shelter workload.
- Approved a budget reduction of \$99.2 million (\$33.7 million GF) to reflect reduced project costs for the implementation of the California Child Support Automation System (CCSAS) project. Additionally, approved (1) a \$724,489 reimbursement authority increase to continue implementation of CCSAS; and (2) a \$30 million shift from 2008-09 to 2007-08 to reflect a revised rollout schedule for the Child Support Enforcement portion of CCSAS.
- Approved one, 1-year limited-term position and \$144,000 GF to implement Chapter 716, Statutes of 2006 (AB 1418, Horton).
- Recognized \$1.3 million GF savings and eliminated 18 positions to reflect the implementation of Chapter 773, Statutes of 2006 (AB 2341, Villines).

1760 DEPARTMENT OF GENERAL SERVICES

- Approved \$1.1 million (\$331,000 GF) ongoing to make permanent 13 expiring positions in the Office of Public School Construction (OPSC), Fiscal and Program Services Office.
- Approved the Governor's proposal for five positions and \$427,000 (Service Revolving Fund) for Bureau of Property Management efforts to reduce energy purchases for state-owned buildings and to design, build, and operate "greener" buildings. Additionally, approved \$3 million (Service Revolving Fund) for private consultants to pursue Leadership in Energy and Environmental Design (LEED) goals for eleven state office buildings.
- Approved \$9.2 million (Service Revolving Fund) and made permanent 73 limited-term Office of Administrative Hearings attorney and support positions in the Special Education Dispute Resolution Program.
- Approved a \$63.1 million (Service Revolving Fund) permanent increase to the department's baseline natural gas budget due to the state's expanded use of natural gas energy, growth in the number of state agency natural gas consumers, and the price of natural gas.
- Approved amended budget bill language to spend sinking funds, without submission of a budget change proposal, for tenant improvements or utilization of vacant state-owned office space.
- Approved \$1.6 million (Property Acquisition Law Money Account) one-time for external consultant services to enhance the valuation of three current surplus properties (Lanternman Developmental Center in Pomona, Fairview Developmental Center in Costa Mesa, and Los Angeles Civic Center).
- Approved two positions and \$614,000 in 2007-08 (Service Revolving Fund) and four positions and \$1.3 million (Service Revolving Fund) in 2008-09 to continue development of a Fleet Analysis and Reporting System to improve tracking state vehicles. Additionally, adopted budget bill language to require future reporting on progress toward meeting system goals, including expected savings in excess of \$2 million from surplus vehicle sales.
- Conformed to action taken in the California Highway Patrol (CHP) budget and approved 14 positions

and \$4.9 million (Service Revolving Fund) in 2007-08 and \$9.4 million (Service Revolving Fund) in 2008-09 to facilitate the implementation of a new public safety radio communications system for the CHP.

- Conformed to actions taken in the Department of Transportation (Caltrans) and Department of Corrections and Rehabilitation (CDCR) budgets and: (1) approved \$1.9 million (Service Revolving Fund) and 7.6 positions for implementation of new public safety radio communications for Caltrans; and (2) denied \$2 million (Service Revolving Fund) and 23.7 positions for implementation of new public safety radio communications for CDCR.
- Approved \$1.1 million (Service Revolving Fund) to fund increased costs contained in the Master Security Services Agreement for 15 state buildings. Additionally, adopted supplemental report language to require the department to update the Legislature on progress toward adopting standardized security assessments for all state-owned buildings.
- Approved the Governor's proposal to eliminate two positions and \$651,000 in expenditure authority for the Earthquake Safety Public Buildings Rehabilitation Bond Fund.
- Adopted the Governor's proposal to provide \$1.2 million (GF) and 4.5 positions for repair projects in the State Capitol and maintenance needs of the barrier system in Capitol Park. Approved an additional \$750,000 GF for State Capitol maintenance and repairs.
- Approved \$1.2 million (Service Revolving Fund) for State Capitol security.
- Reappropriated \$1.8 million for work on City of Richmond Hall of Justice and City Hall.
- Approved \$4.8 million (various funds) to commence a design phase for the relocation of two critical public safety communications from the top floor of the Resources Building in Sacramento. The facility is to be relocated from the downtown area to a more seismically sound structure, at an eventual cost of \$29.5 million GF.
- Approved an additional \$82 million (Public Buildings Construction Fund) and reappropriation of existing funding to continue renovation of the Central Heating and Cooling Plant, Sacramento. Additionally approved \$380,000 (Service Revolving Fund) for private consultant services related to water quality monitoring and regulatory compliance consultation in order to address potential penalties and fees of approximately \$25,000 per day.
- Approved \$2.1 million (Earthquake Safety Bond Fund) to develop working drawings for five of seven seismic safety projects that received preliminary plan funding in 2006-07. The two remaining projects were deferred.

1880 STATE PERSONNEL BOARD

- Approved budget request to augment the Board's budget by \$571,000 GF and 4.0 positions to administer the selection phase for the new information technology classifications.

1900 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

- Approved budget bill language to require a report from the Public Employees' Retirement System on

how actual healthcare costs compare to estimates used for the most recent actuarial study of unfunded retiree-healthcare obligations.

1920 STATE TEACHERS' RETIREMENT SYSTEM

- Rejected trailer bill language to create a new vested purchasing power projection benefit for retired teachers. Retained budget savings of \$75 million associated with the proposal. These actions were taken to put the issue into the Budget Conference Committee.

1955 DEPARTMENT OF TECHNOLOGY SERVICES

- Approved the Governor's proposal to decrease expenditures by \$9.3 million in the budget year and \$6.4 million in 2008-09 to align appropriations with the ongoing costs of related projects.
- Approved \$5.3 million (DTS Revolving Fund) to purchase and upgrade existing enterprise data storage capacity and safeguard customer data in order to meet the anticipated growth needs of more than 450 customers.
- Approved \$3.9 million (DTS Revolving Fund) to replace phased-out hardware and accommodate network growth.
- Approved the Governor's request for \$284,000 (DTS Revolving Fund) and three positions to provide IT support to the Governor's Office.

2100 ALCOHOLIC BEVERAGE CONTROL

- Approved as budgeted, including an April request to reappropriate funds for the Licensing and Compliance System Information Technology Project.

2150 DEPARTMENT OF FINANCIAL INSTITUTIONS

- Approved request for \$1.2 million, special funds, and 10 new positions to improve the oversight of financial institutions in the areas of electronic-banking and disaster preparedness.
- Reduced a request for new information technology positions from 3 positions to 1 position.

2180 DEPARTMENT OF CORPORATIONS

- Approved request to add \$2.3 million, special fund, and 18.0 new Examiner positions. Augmented the request by \$648,000 and 5.0 additional Examiner positions to be placed in the California Deferred Deposit Transaction unit so the unit will have sufficient staff to meet statutory audit requirements for the payday lending industry.
- Approved request to add \$973,000, special fund, and 7 new enforcement positions. Added supplemental report language requiring bi-annual reporting to the Legislature on the status of the enforcement

program.

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- Approved Proposition 1C (Housing and Emergency Shelter Trust Fund Act of 2006) bond funding for the following bond categories that are budgeted directly in the Department of Housing and Community Development's budget (excluding support costs):
 - \$55 million for the CalHome Program.
 - \$40 million for the California Homeownership Program (BEGIN).
 - \$3 million for the Self-Help Housing Program.
 - \$15 million for the Affordable Housing Innovation Fund.
 - \$140 million for the Multifamily Rental Housing Program.
 - \$80 million for Supportive Housing.
 - \$15 million for Homeless Youths.
 - \$40 million for Serna Farmworker Loans/Grants.
 - \$10 million for Emergency Housing Assistance.
 - \$300 million for Infill Incentive Grants.
 - \$95 million for Transit Oriented Development.

The funding levels indicated above include two legislative adjustments: funding for the Infill Incentive Grant Program was increased from \$100 million to \$300 million; and \$30 million for the Housing Urban-Suburban and Rural Parks Program was deleted and shifted to the Department of Parks and Recreation. Deleted the Administration's proposed trailer bill language and adopted placeholder trailer bill language.

- Approved 4 new positions for administration of the Enterprise Zone program and related economic development zone programs. The Department identified GF savings of \$647,000 in another program to fund the new positions.

2260 CALIFORNIA HOUSING FINANCE AGENCY

- Approved Proposition 1C bond funding for the following bond categories that are budgeted directly in the California Housing Finance Agency's budget.
 - \$15 million for the Down-Payment Assistance Program.
 - \$15 million for the Residential Development Loan Program.

Both of these are existing programs and the relevant accounts are continuously appropriated, so the California Housing Finance Agency may expend in excess of these levels if demand for the programs is high.

2320 DEPARTMENT OF REAL ESTATE

- Approved as budgeted.

2400 DEPARTMENT OF MANAGED HEALTH CARE

- Approved as budgeted.

8260 CALIFORNIA ARTS COUNCIL

- Approved as budgeted.

8320 PUBLIC EMPLOYEE RELATIONS BOARD

- Approved as budgeted, which includes 3 new legal positions to investigate unfair labor practices charges.

8380 DEPARTMENT OF PERSONNEL ADMINISTRATION

- Approved funding of \$2.8 million GF and 5 new positions for the Human Resources Modernization Project, which is a multiyear project to reform state classifications and improve recruitment and retention. Adopted Supplemental Report Language requiring annual reports on the project.
- Reduced funding from \$1 million to \$350,000 for medical classification recruitment contracts. Adopted budget bill language stating legislative intent that the contracts be performance-based and allowing the Director of Finance to augment funding by \$1.5 million if specified conditions are met.
- Adopted Supplemental Report Language requiring the Department of Personnel Administration to report on how State departments are complying with their responsibilities under the terms of the workers' compensation "Master Agreement" with the State Compensation Insurance Fund.
- Adopted trailer bill language to require the abolishment of positions vacant for any twelve-month period, as specified, instead of the current six-month period.

8620 FAIR POLITICAL PRACTICES COMMISSION

- Approved \$604,000 (GF) and five positions to support administrative workload growth at the Fair Political Practices Commission.

8860 DEPARTMENT OF FINANCE

- Approved \$1.5 million (\$1.2 million GF) to fund a 15 percent increase in compensation for staff in Budgets and a 10 percent increase in compensation for staff in the Office of State Audits and Evaluations and the Fiscal Systems Consulting Unit.
- Rejected \$35.7 million GF and 238 permanent positions to support a revised special project report for a comprehensive statewide financial system named the Financial Information System for California (FI\$Cal). Ultimately, the projected total cost of this project is \$1.3 billion (of which \$788 million GF).
- Denied the transfer of \$3.3 million GF and 29 positions from the Office of Technology Review,

Oversight and Security (OTROS) to a newly created Office of the Chief Information Officer (OCIO).

- Approved \$132,000 GF and one position to provide oversight to the Department of Corrections and Rehabilitation and coordination within the Administration on Corrections litigation issues.
- Approved \$696,000 (non-GF) and five additional positions for the Fiscal Systems and Consulting Unit (FSCU). In addition, the funding for FSCU will be realigned to reflect the statewide service it provides. The proposal results in a General Fund savings of \$249,000.
- Approved \$654,000 GF to support the Public Employee Post-Employment Benefits Commission.

8885 COMMISSION ON STATE MANDATES

- Amended the Governor's request to reappropriate \$41 million (GF) to pay additional claims for costs incurred in 2004-05, 2005-06, and 2006-07 and to pay for statewide cost estimates for two newly determined mandates. Instead, limited the reappropriation to one year and excluded Peace Officer Procedural Bill of Rights claims from eligibility.
- Adopted Department of Finance-proposed technical cleanup language as placeholder trailer bill language.
- Denied the Governor's proposed trailer bill language to reform the mandate process. A policy bill, AB 1576 (Silva), contains an alternative reform proposal.

8910 OFFICE OF ADMINISTRATIVE LAW

- Approved \$224,000 (GF) to make permanent two expiring Staff Counsel positions that support efforts to enforce laws prohibiting the use of underground regulations. Additionally, adopted budget bill language requiring reporting on any redirection of the approved positions to other nondiscretionary functions.

8940 DEPARTMENT OF THE MILITARY

- Approved \$1.8 million (General Fund) and 23 positions on a two-year, limited-term basis to provide the additional resources necessary to meet the increased demand for military funeral honors.
- Approved \$165,000 (GFO) and one psychologist to establish a full-time mental health care capability for the 20,000 members of the California National Guard (CNG) and to coordinate the activities of the 38 mental health professionals provided to the CNG by the Department of Defense under the Tri-West pilot program. Additionally, adopted supplemental report language to require reporting on the mental health services needs of the CNG.
- Denied \$1.7 million (GF) in 2007-08 and \$3.3 million (GF) in 2008-09 and ongoing for a California National Guard Tuition Assistance Program because the program was not fully conceived and was unworkable as proposed (for example, California does not charge "tuition").
- Approved \$292,000 (\$166,000 GF) and two stationary engineer positions to assist in the preventive maintenance, perform repairs, and evaluate contractor work at California National Guard facilities.

- Approved a \$774,000 (\$442,000 GF) baseline increase and four positions to provide custodial services to four new armories brought online in 2006.
- Approved a \$3.5 million (\$2 million GF, \$1.5 million Federal Trust Fund) baseline increase for maintenance and repairs to address a workload backlog at state armories. The funds will be used for cyclic maintenance and remedial repairs as required.
- Approved \$5.7 million ongoing (reimbursements) and 12 five-year limited-term positions to expend funds received from the Office of Homeland Security for staffing support and operational expenses associated with the statewide antiterrorism program and other training.
- Approved Governor's proposal to expend \$3.5 million (Federal Trust Fund) and establish 47 three-year limited-term positions to provide security for CNG installations and Army airfields that are considered "mission critical."
- Approved a \$100,000 (GF) augmentation for additional costs associated with site acquisition for the Military Department's new Headquarters Complex.

9100 TAX RELIEF

- Approved as budgeted.

9210 LOCAL GOVERNMENT FINANCING

- Approved as budgeted with technical amendments to budget bill language.

9618 ECONOMIC RECOVERY FINANCING COMMITTEE

- Denied the Governor's proposal to pre-pay \$595 million in Economic Recovery Bonds.

9650 SUPPORT FOR HEALTH AND DENTAL BENEFITS FOR ANNUITANTS

- Approved funding of \$1.1 billion for the 2007-08 cost of health and dental benefits provided to annuitants.
- Approved funding of \$38 million in federal subsidies from the prescription-drug, Medicare Part-D benefit, to offset state costs for retiree healthcare.

9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

- Approved funding of \$941 million GF and special funds for compensation and benefit cost increases for state workers that correspond to union contracts and court decisions.
- Rejected funding of \$32 million GF and special funds for a new "contingency" expenditure.

9840 AUGMENTATION FOR CONTINGENCIES AND EMERGENCIES

- Approved as budgeted.

CONTROL SECTIONS**3.60 CONTRIBUTIONS TO PUBLIC EMPLOYEE RETIREMENT BENEFITS**

- Adopted revised rates for the six retirement classes, pursuant to the California Public Employees' Retirement Board adoption of new rates on May 15, 2007. The final estimates for the State's retirement contributions in 2007-08 are \$2.8 billion, including GF costs of \$1.5 billion.

4.04 "PRICE" REDUCTION

- Amended a Finance Letter proposal to reduce departmental appropriations by half of the annual price increase, and instead eliminated the price increase (valued at \$86.5 million) for all state entities except the Legislature, Constitutional Officers, and the Judicial Branch.

4.05 UNALLOCATED REDUCTIONS

- Reduced the Governor's proposed \$100 million unallocated reduction by \$49.8 million (to \$60.2 million).

4.26 ELIMINATION OF BOARDS AND COMMISSIONS

- Deleted this control section because several of the boards and commissions proposed for elimination are still active and necessary.

4.85 DISPOSITION OF BONDS PROCEEDS

- Accepted Finance Letter to transfer remaining 1993 Series A and 1998 Series B Public Works Board Energy Bond proceeds to the General Fund.

8.50 FEDERAL FUNDS RECEIPTS

- Deleted the control section.

11.00 EDP/INFORMATION TECHNOLOGY REPORTING REQUIREMENT

- Revised the control section to conform to action to keep the Office of Technology Review, Oversight, and Security at the Department of Finance (adopted 2006-07 language).

11.10 REPORTING OF STATEWIDE SOFTWARE LICENSE AGREEMENTS

- Revised the control section to conform to action to keep the Office of Technology Review, Oversight, and Security at the Department of Finance (adopted 2006-07 language).

15.25 APPROPRIATION ADJUSTMENTS TO REFLECT TECHNOLOGY SERVICE RATE CHANGES

- Accepted Finance Letter to authorize the Director of Finance to adjust appropriation items to reflect cost changes resulting from new Department of Technology rate adjustment packages.

28.00 PROGRAM CHANGE NOTIFICATION

- Deleted the control section.

35.60 BUDGET STABILIZATION ACCOUNT (BSA) TRANSFER TO GENERAL FUND

- Approved a technical amendment to the control section to require 14-day instead of a 15-day notification period.

JUDICIARY

0250 Judicial Branch

- Approved \$125.3 million GF to fully fund the State Appropriations Limit (SAL) adjustment to the trial courts in the budget year. Approved the Judicial Council's draft allocation of the SAL funding, which includes funding for the following priorities:
 - Staffing and operating expenses for new courts - \$1.5 million
 - Self-help programs - \$1.5 million
 - Baseline deficiencies in conservatorship funding - \$2 million
 - Retirement adjustment - \$1.1 million reduction
 - Security - \$23.5 million
 - Inflation and workforce (allocated pro rata) - \$82.5 million
 - Workload (50% for equalization and 50% for pro rata) - \$15.3 million.
- Approved \$27.8 million GF that grows to \$74.3 million GF in 2008-09 to add 100 new judgeships over a two-year period. Approved trailer bill language to create these judgeships and to allow the trial courts to convert 162 judicial officers to judgeships as the positions become vacant.
- Approved \$25.6 million GF that grows to \$46.8 million GF in 2008-09 to implement a base-level of security for all trial courts. Approved trailer bill language to govern accountability and cost containment measures for court security.
- Approved \$17.4 million GF to implement the Conservatorship and Guardianship Reform Act of 2006 to increase court oversight over the conservatorship and guardianship system for elderly and dependent adults.
- Approved \$1.4 million GF to require court-appointed counsel for children in appeals of dependency court orders.
- Rejected a \$5 million GF proposal to create a new access to justice pilot program to provide legal representation to defendants in civil matters.
- Approved \$2.8 million GF for additional positions to support the operations of the Administrative Office of the Courts.

- Approved \$35.9 million from the Court Facilities Construction Fund to fund acquisition, preliminary plans, and/or working drawings for 11 new courthouse projects in the following counties: Contra Costa, joint facility for Plumas and Sierra, Mono, Madera, San Bernardino, San Joaquin, Riverside, Tulare, San Benito, Calaveras, Lassen, and Los Angeles – Long Beach. Approved trailer bill language to allow the Administrative Office of the Courts to enter into a public-private partnership to construct a new courthouse to replace the Long Beach courthouse.

0280 Commission on Judicial Performance

- Approved as budgeted.

0390 Contributions to the Judges' Retirement System

- Approved trailer bill language to enhance the benefits provided by the Judges' Retirement System II.

PUBLIC SAFETY AND CRIMINAL JUSTICE

0820 Department of Justice

- Approved \$3.4 million GF to augment the department's Criminal Law division to support the increased federal habeas corpus workload.
- Approved \$2.2 million GF to augment the department's Civil Law division to handle the increased class action workload related to the California Department of Corrections and Rehabilitation.
- Approved \$4.2 million GF to maintain staffing to continue a class action lawsuit against insurance companies referred to as the *Underwriters* litigation. This litigation is against insurance companies that reneged on insurance coverage held by the state on the Stringfellow hazardous waste dump.
- Approved \$611,000 GF to enhance the Megan's Law website and implement other requirements of legislation (SB 1128, Alquist and AB 1849, Leslie) enacted in 2006 related to sex offenders.
- Approved \$11.2 million GF to fully fund the DNA Program at \$32.2 million in the budget year.
- Approved \$1 million GF to fund new climate change related litigation.
- Approved \$541,000 from the Dealers' Record of Sale Special Account to modernize the Automated Firearms System database to allow local law enforcement to trace crime guns.
- Approved \$723,000 to increase funding for the California Witness Protection Program, including an increase of \$500,000 for local assistance grants to district attorneys. Rejected \$3 million from the Restitution Fund to further augment the local assistance to reimburse district attorneys for witness protection costs.

0855 Gambling Control Commission

- Rejected \$1.7 million for the commission to oversee minimum internal control standards of tribal gaming operations.

1690 Alfred E. Alquist Seismic Safety Commission

- Approved \$2 million special fund for a new grant program to fund research topics selected from

the Commission's Earthquake Research Plan.

1870 California Victim Compensation and Government Claims Board

- Approved as budgeted.

8120 Commission on Peace Officer Standards and Training

- Approved \$3.5 million special funds to replace the eight oldest Law Enforcement Driving Simulators.
- Approved \$650,000 special funds to develop a new web-based training portal, including converting current CD-ROM training to web-based.
- Approved \$250,000 in special funds to increase the contract it has with the State Controller's Office to audit local law enforcement to ensure that local agencies are submitting appropriate reimbursement claims. Approved budget bill language to require a report on audit findings.
- Approved budget bill language to allow state law enforcement to participate in the *Tools for Tolerance* training program at the Simon Wiesenthal Museum of Tolerance.

8140 State Public Defender

- Approved as budgeted.

8180 Payments to Counties for Costs of Homicide Trial

- Approved as budgeted.

8550 California Horse Racing Board

- Deleted funding for the California Horse Racing Board.

CORRECTIONS AND REHABILITATION

5225 Department of Corrections and Rehabilitation

Adult Population Highlights

- Approved \$47.9 million GF to support the projected growth in the adult inmate and parolee population for 2007-08. The inmate population is estimated to be 179,600 at the end of the budget year. The parolee population is estimated to be 123,400 at the end of the budget year.
- Approved \$22.8 million GF less \$1,000 to cover additional costs associated with transferring up to 5,000 inmates to prison facilities outside of California. The total estimated cost of this program is \$82.7 million, which is offset by population savings related to not housing these prisoners in California prisons. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$21.5 million GF less \$1,000 to cover additional costs associated with growth in the mental health population in state prison. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$8.2 million GF less \$1,000 to fund staffing for a 50-bed Mental Health Crisis Bed Unit at the California Medical Facility. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$16.8 million GF less \$4,000 to fund local assistance for a jail rate increase and other local mitigation costs to reimburse county coroners, district attorney costs, and other costs. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$3.8 million GF to implement a 35-bed community facility for female offenders and to continue to support efforts to develop up to 4,500 additional beds in community facilities for female offenders. This item is contained in the population estimate.
- Added \$25 million GF to reflect the withdrawal of the majority of the parole reforms proposed in the Governor's budget. The administration will discharge parolees after 12 months of "clean time" and savings related to that change in policy are reflected in the proposal adopted by the Subcommittee. This item is contained in the population estimate.

Juvenile Justice Highlights

- Approved \$4.8 million GF to support the projected growth in the juvenile ward and parolee population for 2007-08. The ward population is estimated to be 2,500 at the end of the budget

year. The parolee population is estimated to be 2,400 at the end of the budget year. This total funding level assumes savings of \$1.7 million GF due to the closure of DeWitt Nelson Youth Correctional Facility in the budget year.

- Approved \$1.5 million Proposition 98 GF less \$1,000 to support education at the Division of Juvenile Justice (DJJ) facilities in the budget year. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$14.7 million GF to implement the Governor's budget proposal (as revised by the May Revision) to realign certain low-level wards to the counties. The additional funding assumes that only 25 percent of the wards currently housed at DJJ will be returned to the counties in the budget year and allocates \$5 million for a competitive grant to develop local capacity for specialized services.
- Restored \$10 million GF to continue the Juvenile Parole Re-entry Grant Program.
- Approved \$18.9 million GF to continue implementation of the Safety and Welfare and Mental Health Remedial plans as directed under the *Farrell* lawsuit.
- Approved \$395,000 GF to develop a Juvenile Justice Operational Master Plan in collaboration with the counties and local law enforcement to build on the work of the Juvenile Justice Data Project.

Rehabilitation Program Highlights

- Rejected the Governor's block grant proposal to fund local probation services for 18- to 25-year olds statewide. Approved \$20 million for four probation pilot projects.
- Approved \$74 million GF of the \$94 million GF proposed in the Governor's budget for the reducing recidivism plan. Approved an additional \$22.6 million to fund the following Senate priorities for reducing recidivism that were not included in the Governor's plan:
 - Expanded 3rd day visiting to 10 additional prisons: \$4 million.
 - Reduced, by 25 percent, the telephone surcharges on inmate phone calls: \$6.5 million.
 - Reinstated funding for the post-parole component of the Offender Employment Continuum program: \$800,000.
 - Approved funding to enable the department to expand life skills programming efforts: \$175,000.
 - Added a Community Partnership Manager to every prison: \$3.6 million.
 - Approved funding for residential and case management services for mentally ill parolees: \$4 million.

- Approved funding to expand the Parolee Employment Program to contract with non-profit providers to provide job placements to parolees: \$3.6 million.
- Approved \$13.9 million GF to provide pay parity for teachers in the adult institutions with teachers in the juvenile institutions and provide adequate funding to restore half of the teacher positions that are currently vacant.
- Approved \$19.5 million GF for services to implement aftercare as a mandatory condition of parole. The population estimate contains \$10.9 million of the funding provided for aftercare as a mandatory condition of parole. The remaining \$8.6 million is included in the Governor's reducing recidivism plan and was approved by the Subcommittee.
- Approved trailer bill language to allocate the \$50 million for rehabilitation programs appropriated in Chapter 7, Statutes of 2007 (AB 900, Solorio).

Health Care Highlights

- Approved \$248 million GF to improve medical care at CDCR as directed by the federal court-appointed Receiver. This amount includes an unallocated \$175 million to fund medical care activities at CDCR directed by the court-appointed Receiver in the *Plata* lawsuit. Also approved \$73.2 million to fund ongoing costs related to expenditures the Receiver has directed in the current year.
- Approved \$117 million GF to improve mental health care at CDCR as directed by the *Coleman* court. This amount includes \$50.6 million to fund increased salaries for mental health clinicians, \$17.5 million for modifications of administrative segregation unit cells to prevent suicide, and \$5.1 million to implement Enhanced Outpatient Programs at the reception centers. The funding also included \$40.2 million to fund the ongoing costs related to the positions established in Chapter 511, Statutes of 2006 (SB 1134).
- Approved \$81.4 million GF to improve dental care at CDCR as directed by the *Perez* court. This amount includes \$57.8 million to fund increased salaries for dental clinicians, \$20.9 million to implement a lower inmate-to-dentist ratio and to fund additional management staff to oversee the implementation of the remedial plan related to the *Perez* lawsuit.

Other Highlights

- Approved \$105.8 million GF to implement the Sex Offender Management Plan and High Risk Sex Offender Task Force recommendations. The Sex Offender Management Plan implements Jessica's Law (Proposition 83) and other legislation by funding mandatory GPS tracking for some sex offenders.
- Deleted \$45 million GF for the Mentally Ill Offender Crime Reduction Grants to local law enforcement.

- Approved \$118.5 million GF for the Consolidated Information Technology Project to provide basic network infrastructure to enable the department to implement new information technology solutions. Also approved GS \$SMART financing for this project so budget expenditures will be reduced to \$36.1 million GF.
- Approved \$46 million GF to augment the department's baseline budget for maintenance and special repairs.
- Approved \$1.6 million GF to support 12 positions in the Correctional Standards Authority to administer the local jail bed construction fund authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio).
- Approved \$3.9 million GF to support 49 positions to improve the department's ability to recruit correctional officer candidates.
- Approved \$20 million GF to approve additional support positions for the Office of Facilities Management. The department is required to submit a staffing plan to the Joint Legislative Budget Committee before the funds can be expended.
- Approved \$7.9 million GF to approve recent court orders in the *Armstrong* case that requires the department to do more to oversee its compliance efforts with the Americans with Disabilities Act.
- Approved \$6.6 million GF for an information technology system, increased custody staff, and a contract for transcription services to comply with the *Lugo (Rutherford)* lawsuit to improve the lifer hearing process.
- Approved \$8 million GF to provide additional funding to comply with the *Valdivia* lawsuit to improve the parole revocation hearing process. This includes \$6.4 million that is included in the population estimate for legal representation and records staff and \$1.6 million included in a budget for compliance monitoring teams in the Office of Legal Affairs.

Infrastructure Highlights

- Approved trailer bill language and supplemental report language to ensure that lease revenue bonds authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio) for infill prison bed projects are scheduled separately and ensure that the State Public Works Board treats each infill project separately.
- Approved trailer bill language and supplemental report language to ensure that GF monies appropriated in Chapter 7, Statutes of 2007 (AB 900, Solorio) for infrastructure projects needed to address overcrowding and infill prison bed projects be scheduled separately and ensure that the State Public Works Board treats each project separately.

- Approved trailer bill language to ensure that lease revenue bonds authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio) for re-entry projects be treated separately by the State Public Works Board.
- Approved \$5.1 million GF to develop preliminary plans for a new Psychiatric Services Unit at the California Institution for Women and upgrades needed to a Locked Observation Unit at California Men's Colony. Also approved the reversion of \$43.5 million in capital outlay projects that are no longer being pursued by the department per a revised Mental Health Bed Plan submitted to the *Coleman* court.
- Denied \$15.1 million to start preliminary plans to construct dental clinic space at seven different institutions to comply with the *Perez* lawsuit and approved budget bill language to request that the department coordinate with the Receiver over medical care on the construction of joint medical and dental clinic space.
- Approved \$12.6 million GF less \$2,000 for various projects and additional modular units to implement the *Farrell* reforms. The intent of the Subcommittee was to place this issue in conference.

0552 Office of the Inspector General

- Approved \$1.8 million GF to expand the audit functions of the Office of the Inspector General.
- Approved \$1 million GF to require the Office of the Inspector General to review candidates for appointment as superintendent of a juvenile correctional facility.
- Approved approximately \$517,000 GF to support the operations of the California Rehabilitation Oversight Board as created by Chapter 7, Statutes of 2007 (AB 900, Solorio).
- Approved \$191,000 GF for one position to oversee the implementation of the *Armstrong* lawsuit and audit the federal court-appointed Receiver's budget.